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INITIATIVE 231

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 231 to the Legislature is a true and correct copy as it was received in our office.

INITIATIVE MEASURE NO. 231

AN ACT Relating to limiting taxes; amending RCW 84.55.0101; reenacting and amending RCW 84.55.005; adding new sections to chapter 84.55; adding a new section to chapter 84.36 RCW; creating a new section; and repealing RCW 84.55.092.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

LIMITING TAXES BY INVALIDATING 1999 TAX INCREASES IMPOSED WITHOUT VOTER APPROVAL

NEW SECTION. **Sec. 1.** A new section is added to chapter 84.55 RCW to read as follows:

(1) Any tax increase adopted by the state from July 2, 1999, through December 31, 1999, is null and void and of no effect. All taxes collected as a result of such tax increases shall be refunded to the taxpayer.

(2) For the purposes of this section, "tax" includes, but is not necessarily limited to, sales and use taxes, property taxes, business and occupation taxes, fuel taxes, impact fees, license fees, permit fees, utility rates, including sewer and water rates, and any other excise tax, fee, or monetary charge imposed by the state.

(3) For the purposes of this section, "tax" does not include:

(a) Higher education tuition;

(b) Civil and criminal fines and other charges collected in cases of restitution or violation of law or contract; and

(c) The price of goods offered for sale by the state.

(4) For the purposes of this section, "tax increase" includes, but is not necessarily limited to, a new tax, a monetary increase in an existing tax, a tax rate increase, an expansion in the legal definition of a tax base, and an extension of an expiring tax.

(5) For the purposes of this section, "tax increase" does not include taxes approved by a vote of the people.

(6) For the purposes of this section, "state" includes, but is not necessarily limited to, the state itself and all its departments and agencies, any city, county, special district, and other political subdivision or governmental instrumentality of or within the state.

LIMITING TAXES BY EXEMPTING MOTOR VEHICLES FROM PROPERTY TAXES

NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW to read as follows:

(1) Motor vehicles are exempted from property taxes.

(2) For purposes of this section, "motor vehicles" includes all vehicles licensed under 46.16 RCW including, but not necessarily limited to, personal and business owned cars, trucks, sport utility vehicles, motorcycles, motor homes, campers, travel trailers, mobile homes held as inventory, and any other vehicles previously exempted from property taxes prior to the adoption by the people of Initiative Measure No. 695, the \$30 License Tab Initiative.

LIMITING TAXES BY SETTING PROPERTY TAX VALUATIONS TO 1999 LEVELS

NEW SECTION. **Sec. 3.** A new section is added to chapter 84.55 RCW to read as follows:

(1) The valuation of every parcel of property is set to 1999 levels.

(2) For purposes of this section:

(a) "Property" means real property; and

(b) "1999 levels" means the true and fair value of property on January 1, 1999.

LIMITING TAXES BY LIMITING GROWTH OF PROPERTY TAX VALUATIONS TO 2% PER YEAR

NEW SECTION. **Sec. 4.** A new section is added to chapter 84.55 RCW to read as follows:

(1) The valuation of property can only be increased by the rate of inflation, not to exceed 2% per year and only if the value of the property increases.

(2) Property valuations shall be reset to reflect values on January 1, 1999, and thereafter, shall be reset to market value when a change of ownership occurs or the property is newly constructed or manufactured. When property valuation is reset due to new construction or manufacture, the new valuation may increase only to the extent the new construction or manufacture increases the present market value of the property.

(3) For purposes of this section:

(a) "Property" means real and personal property;

(b) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce in September of the year before the taxes are payable; and

(c) "Change of ownership" shall not include the transfer of real property to a spouse or to a trustee for the benefit of a spouse.

(4) Property tax valuations shall be reduced when there is a decline in value.

(5) This section is the method for determining true and fair value of property for purposes of chapters 84.40 and 84.41 RCW. By determining true and fair value of property in this manner, real property taxes will be stabilized, uniform, and predictable for all property owners because all property will be valued at 1999 levels and increased by the lesser of the inflation rate or 2% per year. Therefore, all property owners will have the benefit of knowing that their property's valuation for tax purposes will not increase beyond 2% per year without a change of ownership or improvement to the property. This guarantees that property taxes are predictable and uniform for every present and future property owner in this state. This predictability also promotes neighborhood preservation, continuity, and stability in a manner which treats all property taxpayers uniformly.

LIMITING TAXES BY LIMITING GROWTH OF PROPERTY TAXES TO 2% PER YEAR

Sec. 5. RCW 84.55.005 and 1997 c 393 s 20 and 1997 c 3 s 201 are each reenacted and amended to read as follows:

As used in this chapter:

(1) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce in September of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred (~~six~~) two percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor under that section or one hundred (~~six~~) two percent;

(c) For all other districts, the lesser of one hundred (~~six~~) two percent or one hundred percent plus inflation; and

(3) "Regular property taxes" has the meaning given it in RCW 84.04.140.

Sec. 6. RCW 84.55.0101 and 1997 c 3 s 204 are each amended to read as follows:

Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a limit factor under this chapter of one hundred (~~six~~) two percent or less. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

LIMITING TAXES BY REPEALING LAW WHICH ALLOWS "STOCKPILING" OF FUTURE PROPERTY TAX INCREASES

NEW SECTION. **Sec. 7.** RCW 84.55.092 (Protection of future levy capacity) and 1998 c 16 s 3, 1988 c 274 s 4, & 1986 c 107 s 3 are each repealed.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 8.** The provisions of this act are to be liberally construed to effectuate the policies and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 9.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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